

What is an Employee's Withholding Allowance Certificate (commonly referred to as a W-4 Form)?

The W-4 is the form that your employer uses to compute your federal and state income tax withholding.

Why Must I File a W-4?

The W-4 form is used to determine how much income tax to withhold from your wages. If you do not provide the information requested on the form, your employer must withhold state and federal income tax from your pay, as if you were single with no dependents.

When Should I File a W-4?

A W-4 form must be filed when:

- you begin working for a new employer.
- you add or lose dependents.
- you change your marital status.
- you have a substantial change in your allowable deductions.

How Many Allowances May I Claim?

In general, you are entitled to one allowance for yourself, one for your spouse, and one for each dependent. You may also claim additional withholding allowances if you expect a decrease in the amount of tax you will have to pay next year. For example, you may anticipate having more itemized deductions such as a large medical bill or additional tax credits or dependents which would reduce next year's tax. However, you should not claim a greater number of exemptions than you are entitled to. A worksheet is available. Refer to the Employment Development Department's (EDD) Employee's Withholding Allowance Certificate (DE-4) to help you determine your withholding allowances.

May I Simply Have a Percentage of My Wages Withheld?

No. Your options are limited to claiming allowances as described above. However, you may ask that a specific **additional** dollar amount be withheld.

May I Claim to be Exempt From Withholding and Pay What is Due When I File My Return?

No. Exempt from withholding means that last year you owed no California income tax and if any tax was withheld, all of it was refunded to you. It also means that this year you do not expect to owe any California income tax. It is unlikely that you are exempt from withholding unless you are employed on a part-time or seasonal basis, such as a student working during the summer. If you file as exempt from withholding knowing that you will owe tax, you will be guilty of filing a false or fraudulent W-4 form.

What Happens if I File a False or Fraudulent W-4?

You may have to pay \$500 or more in penalties for each false form you file. Additionally, you could be imprisoned for up to one year and be fined up to \$20,000.

Is My Employer Required to Notify the IRS or the State Concerning My W-4?

Your employer is required to send a copy of your W-4 to the Internal Revenue Service or the State if it meets certain criteria. They review the form and, if necessary, may ask you to justify your claim. If you are unable to show that you are entitled to the claimed exemption(s), a notice will be sent to you and your employer. The notice will instruct your employer to adjust your withholding. If the IRS issues the notice, the correction will also be effective for state purposes unless a determination was previously made by the state.

If My State Withholding is Changed and I Don't Agree With it, Whom Should I Contact?

Send a letter explaining why you believe the adjustment is incorrect to:

Franchise Tax Board
W-4 Unit
PO Box 2952
Sacramento CA 95812-2952

Where Can I Get More Information?

EDD's Employee's Withholding Allowance Certificate (DE-4) provides detailed information regarding claiming and computing accurate California income tax withholding.

If you need additional information see the IRS Publication 15 (Employer's Tax Guide) or the EDD publication DE 44 (California's Employer's Guide). These pamphlets should be available in your payroll office. Otherwise, contact your local IRS or [Employment Tax Customer Service Office](#) respectively. You may also call or write EDD's Audit Section for additional California income tax withholding information at:

Employment Development
Department
Audit Section
10969 Trade Center Drive
Suite 203
Rancho Cordova, CA 95670
(916) 464-2500

Your Withholding Allowances

Commonly Asked Questions About W-4's

**Franchise
Tax
Board**

State of California